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Waqf-Based Economic Empowerment and Sustainable Community Development

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Abstract: This study examines the role of waqf-based economic empowerment in promoting sustainable community development. It focuses on the productive utilization of waqf assets, institutional governance, community capacity building, and the sustainability of socioeconomic benefits. This research employs a qualitative descriptive-analytical approach, utilizing interviews, observations, and documentation as data collection techniques. Data are analyzed through data condensation, data display, and conclusion drawing and verification. The findings indicate that productive waqf has considerable potential to strengthen community economic independence through productive financing, entrepreneurship development, employment generation, and improved access to economic resources. Furthermore, effective waqf management requires professional institutional governance, transparency, accountability, and strategic collaboration among relevant stakeholders. The study also identifies the importance of integrating economic productivity, social inclusion, institutional sustainability, and environmental responsibility to strengthen long-term community welfare. This study contributes to Islamic social finance literature by conceptualizing productive waqf as an integrated instrument for economic empowerment and sustainable community development.

Keywords: Waqf; Economic Empowerment; Productive Waqf; Islamic Social Finance; Sustainable Community Development.

INTRODUCTION

Economic empowerment has become a critical component of sustainable development, particularly in addressing persistent challenges such as poverty, economic inequality, limited access to productive resources, and the vulnerability of marginalized communities. Economic development can no longer be understood solely in terms of income growth and increased economic productivity; rather, it must also incorporate equitable resource distribution, community capacity building, institutional sustainability, and the ability

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of communities to achieve long-term economic independence. The sustainable development framework emphasizes the interconnectedness of economic, social, and environmental dimensions in promoting inclusive prosperity across generations (United Nations, 2015). Within this context, alternative financing mechanisms are increasingly needed to complement conventional development financing, particularly mechanisms that prioritize social value creation alongside financial sustainability. One such instrument is waqf, an Islamic social finance institution with considerable potential to support economic empowerment and sustainable community development. Through the development of productive waqf, Islamic philanthropy can be transformed into a strategic mechanism for mobilizing resources, expanding economic opportunities, and strengthening community welfare.

Waqf represents an Islamic philanthropic institution characterized by the preservation of endowed assets and the continuous distribution of their benefits for religious, social, and economic purposes. Unlike conventional charitable assistance, which frequently provides short-term and consumption-oriented support, waqf has the potential to establish sustainable economic resources capable of generating long-term social benefits. Waqf assets can be developed through various productive activities, including agriculture, trade, education, healthcare, public infrastructure, microenterprise financing, and community-based economic initiatives. OECD (2020) highlights the potential contribution of waqf to the long-term financing of social infrastructure, including educational facilities, healthcare services, housing, and other public facilities. Consequently, waqf should not be perceived exclusively as a religious endowment but also as an institutional mechanism for mobilizing productive resources and supporting inclusive economic development. Its distinctive characteristics provide opportunities to integrate distributive justice, social solidarity, and economic sustainability into a comprehensive development framework.

From the perspective of Islamic economics, waqf-based economic empowerment is closely associated with social justice, wealth redistribution, and the equitable allocation of economic resources. Productive waqf management enables previously underutilized assets to be transformed into economically productive resources that generate income and finance community development programs. Ascarya et al. (2022) identify several important factors influencing the development of productive waqf in Indonesia, including institutional capacity, waqf asset characteristics, financing mechanisms, management arrangements, and compliance with Islamic principles. Their findings highlight the potential of productive waqf models, particularly cash waqf, to strengthen the social and economic contributions of Islamic endowments. These findings suggest that the effectiveness of waqf is not determined merely

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by the amount of assets collected but also by the institutional capacity to manage, develop, and distribute their benefits productively. Therefore, transforming waqf management from an asset-preservation-oriented approach into a productive social investment model represents an important strategy for strengthening its contribution to community economic development.

The development of waqf is also increasingly relevant to the achievement of the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), and SDG 11 (Sustainable Cities and Communities). The relationship between waqf and sustainable development lies in its capacity to provide long-term social financing through the productive utilization of endowed assets and the allocation of investment returns for public welfare. Dirie et al. (2024), through their systematic examination of Islamic social finance instruments, demonstrate the potential contributions of zakat, waqf, sadaqah, and qard hasan to achieving sustainable development objectives. Nevertheless, the effectiveness of these instruments depends on institutional governance, transparency, and the alignment of financing mechanisms with beneficiaries' socioeconomic needs. Similarly, OECD (2020) emphasizes the potential role of waqf in financing social infrastructure, including education, healthcare, housing, and public facilities. These perspectives indicate that waqf has considerable potential to evolve from a religious philanthropic instrument into a development financing mechanism that promotes inclusiveness, community participation, and long-term socioeconomic sustainability.

Despite its substantial potential, the implementation of waqf as an instrument of community economic empowerment continues to face structural and institutional challenges. These include limited nazhir competencies, the underutilization of endowed assets, inadequate managerial capabilities, limited financing innovation, and insufficient integration between waqf management and local economic development needs. Such challenges reveal a significant gap between the normative potential of waqf as an instrument of social welfare and its actual economic contributions to communities. Ascarya et al. (2022) emphasize that productive waqf development requires adequate institutional capacity, appropriate financing models, effective asset management, and compliance with Islamic principles. Accordingly, the existence of substantial waqf assets does not automatically translate into economic empowerment without professional management and sustainable business development strategies. This situation highlights the need to expand the orientation of waqf management beyond fundraising and asset preservation toward economic value creation, beneficiary capacity development, and the establishment of sustainable community-based enterprises.

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The emergence of Islamic social finance innovations provides new opportunities to strengthen waqf management through the integration of various financing instruments, including cash waqf, Cash Waqf Linked Sukuk (CWLS), Islamic microfinance, and productive partnerships with the business sector. Such integration enables waqf assets to become financing resources that support broader community economic activities. Empirical evidence from Indonesia, as examined by Yumna et al. (2024), indicates that CWLS-based empowerment programs have contributed to improvements in beneficiary welfare and financial inclusion, although the overall differences between beneficiary and non-beneficiary groups were not statistically significant. This finding is important because it demonstrates that innovative waqf instruments offer opportunities to improve socioeconomic welfare, but their effectiveness cannot be assessed solely through fundraising performance or program implementation. Instead, impact assessment should incorporate changes in income, productive capacity, financing accessibility, economic independence, and the sustainability of beneficiary enterprises. Consequently, waqf-based economic empowerment requires an integrated approach connecting asset management, productive financing, business assistance, and systematic social impact measurement.

Furthermore, the relationship between waqf-based economic empowerment and sustainable community development should be understood through a development perspective that positions communities as active economic agents rather than passive recipients of assistance. Within this framework, waqf functions as an institutional resource that strengthens communities' capacities to develop productive economic activities, establish social networks, improve access to essential services, and create sustainable welfare mechanisms. Economic empowerment should therefore extend beyond capital distribution and the provision of economic facilities to encompass skills development, institutional strengthening, community participation, and the capacity to manage resources independently. Haneef et al. (2015), in their examination of the integration of waqf and Islamic microfinance in Bangladesh, demonstrate the relevance of combining the social functions of waqf with microfinance mechanisms to address poverty. This integrated approach illustrates how waqf-based microfinance can expand productive resource accessibility among low-income communities. Accordingly, the success of waqf-based economic empowerment should not be measured exclusively by asset growth but also by its capacity to establish economic independence, strengthen social relationships, and enhance community resilience in responding to economic uncertainties.

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Although research on productive waqf and Islamic social finance has continued to expand, several important research gaps remain insufficiently addressed. First, previous studies have predominantly examined waqf management models, financing innovations, and the contribution of waqf to poverty alleviation as relatively separate research dimensions (Ascarya et al., 2022; Dirie et al., 2024). Second, empirical studies on waqf empowerment programs have identified their contributions to welfare and financial inclusion, but have not fully explained how these interventions generate long-term economic independence and sustainable community development (Yumna et al., 2024). Third, the interrelationships among waqf institutional governance, community participation, economic capacity development, and community sustainability require further integrated investigation. These dimensions are particularly important for understanding how waqf can generate developmental outcomes beyond short-term social benefit distribution. Therefore, further research is needed to conceptualize waqf not merely as an instrument of social financing but also as an institutional mechanism for economic empowerment capable of strengthening productive capacities and long-term community resilience.

Addressing these research gaps, this study aims to examine the role of waqf-based economic empowerment in promoting sustainable community development. Specifically, it investigates how the management and productive utilization of waqf assets create economic opportunities, strengthen community capacity and economic independence, and support the long-term sustainability of community welfare. The study's contribution lies in integrating three fundamental dimensions: waqf economic productivity, community empowerment capacity, and sustainable community development within a comprehensive analytical framework. Theoretically, this research contributes to the advancement of Islamic economics, particularly the understanding of the relationship between productive waqf, economic empowerment, and sustainable development. Practically, its findings are expected to provide valuable insights for nazhir institutions, waqf management organizations, policymakers, and Islamic social finance stakeholders in developing more productive, transparent, inclusive, and impact-oriented waqf management strategies. Ultimately, waqf is expected to function not merely as a philanthropic instrument but also as a sustainable foundation for strengthening community economies and promoting inclusive, resilient, and long-term community development.

RESEARCH METHOD

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This study employs a qualitative research approach to examine the contribution of waqf-based economic empowerment to sustainable community development. A qualitative approach is considered appropriate because the research seeks to understand institutional practices, social interactions, community experiences, and empowerment mechanisms associated with the productive management of waqf assets. The study focuses on how waqf institutions manage productive assets, implement economic empowerment programs, facilitate community participation, and generate sustainable socioeconomic benefits. Rather than emphasizing numerical measurements, this research explores the processes, experiences, and meanings underlying waqf-based economic empowerment within its institutional and social contexts. Qualitative research provides an opportunity to investigate complex social phenomena through an in-depth interpretation of participants' experiences and perspectives (Creswell & Poth, 2018; Merriam & Tisdell, 2016).

The research adopts a qualitative descriptive-analytical design to investigate the relationship between productive waqf management, economic empowerment, and sustainable community development. The analysis focuses on three interconnected dimensions: the productive utilization and institutional management of waqf assets, economic empowerment through productive financing and entrepreneurship development, and sustainable community development through economic independence, social participation, and long-term welfare improvement. The research participants are selected using purposive sampling based on their knowledge, experience, and direct involvement in waqf management and community empowerment activities. They include waqf administrators (nazhir), institutional managers, program coordinators, community beneficiaries, microenterprise owners, and other relevant stakeholders involved in Islamic social finance and local economic development. Participant selection considers their ability to provide comprehensive information regarding institutional governance, productive asset management, financing mechanisms, empowerment strategies, community participation, and program sustainability (Palinkas et al., 2015).

Data are collected through semi-structured interviews, direct observations, and documentation. Primary data are obtained from interviews with waqf administrators, institutional managers, program coordinators, beneficiaries, and relevant stakeholders. The interviews explore institutional governance, productive waqf management, financing arrangements, business development, community participation, and changes in beneficiaries' socioeconomic conditions. Direct observations are conducted to examine the implementation of empowerment programs, the utilization of productive waqf assets, and interactions between waqf institutions and beneficiary communities. Meanwhile, secondary data are obtained from

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institutional reports, waqf management documents, program evaluations, policy documents, relevant regulations, and academic publications concerning productive waqf and sustainable development. The combination of these data collection techniques provides multiple perspectives for understanding the research phenomenon and strengthening the credibility of the findings (Creswell & Poth, 2018).

The collected data are analyzed using the interactive qualitative data analysis model developed by Miles, Huberman, and Saldaña (2014), which consists of data condensation, data display, and conclusion drawing and verification. Data condensation involves selecting, coding, organizing, and simplifying information obtained from interviews, observations, and documents according to the research objectives. Data display is conducted by organizing the findings into thematic categories, analytical matrices, and descriptive narratives to identify patterns and relationships among productive waqf management, economic empowerment, and sustainable community development. The final stage involves interpreting the findings, identifying recurring themes, comparing empirical evidence, and verifying conclusions through continuous examination of the collected data. These analytical processes are conducted iteratively to identify institutional mechanisms, enabling factors, implementation challenges, and socioeconomic implications associated with waqf-based economic empowerment.

To ensure research trustworthiness, this study applies source triangulation, methodological triangulation, member checking, and an audit trail. Source triangulation involves comparing information obtained from waqf administrators, program managers, beneficiaries, and institutional documents, while methodological triangulation is conducted by comparing interview findings with observational evidence and documentary records. Member checking is undertaken by presenting relevant interview summaries and preliminary interpretations to selected participants to confirm the accuracy of the researcher's interpretations. Furthermore, an audit trail is maintained to document research procedures, data collection activities, coding decisions, and analytical interpretations. These strategies are intended to strengthen the credibility, dependability, confirmability, and transferability of the research findings (Lincoln & Guba, 1985). The study also adheres to established ethical principles by ensuring voluntary participation, obtaining informed consent, maintaining participant confidentiality and anonymity, and using research data exclusively for academic purposes.

RESULTS AND DISCUSSION

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1. Productive Waqf Management and Institutional Development

The findings highlight that productive waqf management represents a fundamental mechanism for transforming Islamic philanthropic resources into sustainable economic assets that generate long-term benefits for communities. Unlike conventional charitable activities that primarily emphasize the distribution of assistance to beneficiaries, productive waqf management focuses on maintaining the value of endowed assets while optimizing their economic potential. This approach positions waqf institutions as strategic actors in community economic development through the mobilization, management, and utilization of resources for productive activities. The management of waqf assets therefore involves not only the preservation of religious endowments but also the development of economic activities that can generate continuous benefits for society. In this context, productive waqf becomes an institutional instrument that connects Islamic philanthropic principles with contemporary economic development objectives.

The analysis indicates that institutional governance plays a significant role in determining the effectiveness of productive waqf management. Waqf institutions require adequate organizational structures, professional management practices, transparent financial administration, and clearly defined responsibilities to ensure that endowed assets are utilized effectively. The role of the nazhir is particularly important because the nazhir is responsible for managing, developing, protecting, and distributing the benefits of waqf assets in accordance with the objectives of the endowment. Professional management requires competencies in financial administration, investment planning, business development, risk management, and community engagement. Without these institutional capacities, waqf assets may remain underutilized and their potential contribution to economic empowerment may not be fully realized. Consequently, strengthening the managerial and entrepreneurial competencies of waqf administrators represents an important prerequisite for developing sustainable productive waqf institutions.

Another important finding concerns the diversification of productive waqf utilization. Waqf assets have the potential to support various economic activities, including agricultural production, commercial enterprises, educational services, healthcare facilities, and community-based businesses. Such diversification enables waqf institutions to respond to different socioeconomic needs while reducing dependence on a single source of economic returns. Productive utilization also creates opportunities to establish economic linkages between waqf institutions and local communities. For example, agricultural waqf assets can generate employment opportunities, support local food production, and strengthen the

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economic activities of small farmers. Similarly, commercial waqf properties can generate rental income that may be allocated to education, healthcare, and community empowerment programs. These mechanisms demonstrate that the economic value of waqf is not limited to the financial returns generated by individual assets but also includes the broader socioeconomic benefits created through their productive utilization.

The findings further emphasize the importance of financial sustainability in productive waqf management. Sustainable waqf institutions require financing arrangements that enable them to maintain the original value of endowed assets while generating sufficient returns to support operational activities and social programs. In this regard, cash waqf provides an opportunity to expand the financial resources available to waqf institutions. Through appropriate investment mechanisms, cash waqf can be allocated to productive sectors that generate economic returns while maintaining compliance with Islamic principles. The integration of cash waqf with Islamic microfinance and other social finance instruments also creates opportunities to expand financing accessibility among micro and small enterprises. This approach allows waqf institutions to move beyond conventional asset management toward more dynamic financial intermediation that connects philanthropic resources with productive economic activities.

Institutional accountability and transparency also emerge as essential dimensions of productive waqf management. The management of waqf assets requires clear reporting mechanisms, reliable financial records, and transparent information concerning the utilization of assets and the distribution of generated benefits. These practices are important for maintaining public trust and encouraging broader participation in waqf activities. Donors and communities need assurance that their endowed resources are managed professionally and distributed according to the intended objectives. Institutional transparency also enables waqf organizations to evaluate the performance of their productive activities and identify opportunities for improvement. Therefore, accountability should not be understood merely as an administrative obligation but as a strategic component of institutional sustainability and public legitimacy.

Furthermore, institutional collaboration contributes to expanding the productive capacity of waqf organizations. Partnerships with Islamic financial institutions, government agencies, universities, business organizations, and community-based institutions can strengthen access to financing, managerial expertise, technological resources, and market opportunities. These collaborations are particularly relevant when waqf institutions lack sufficient internal resources to develop productive economic activities independently.

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Collaborative management can facilitate the integration of waqf assets with broader economic development programs, thereby increasing the potential social and economic benefits generated by waqf. Overall, productive waqf management requires an integrated institutional framework that combines professional governance, asset optimization, financial sustainability, accountability, and strategic partnerships. These elements provide the institutional foundation for transforming waqf from a traditional philanthropic instrument into a productive mechanism for sustainable community development.

2. Economic Empowerment through Productive Waqf and Community Participation

The second major finding concerns the contribution of productive waqf to strengthening community economic empowerment. Productive waqf provides an alternative mechanism for expanding access to economic resources, particularly among low-income households, small entrepreneurs, and vulnerable community groups that frequently experience difficulties accessing conventional financial services. Through the utilization of waqf-generated resources, communities can obtain opportunities to participate in productive economic activities without necessarily depending on high-cost financing arrangements. This mechanism is particularly relevant to Islamic economic development because it combines the principles of social solidarity, distributive justice, and economic participation. Waqf-based empowerment therefore represents an approach that seeks to improve not only the economic conditions of beneficiaries but also their ability to participate actively in productive economic activities.

One of the important mechanisms through which productive waqf contributes to empowerment is the provision of productive capital and economic facilities. Access to capital remains a significant constraint for many micro and small enterprises, particularly those operating within low-income communities. Waqf-based financing can provide opportunities for these enterprises to obtain business capital, production equipment, working facilities, and other resources required to improve their productive capacity. The availability of such resources enables beneficiaries to strengthen their business operations, expand production, and improve their competitiveness. However, the effectiveness of productive financing depends on the suitability of financing arrangements to the economic characteristics and operational capacities of beneficiaries. Therefore, waqf institutions need to develop financing models that consider business feasibility, market opportunities, repayment capacity where applicable, and the long-term interests of beneficiaries.

Beyond financial assistance, productive waqf can support economic empowerment through entrepreneurship development and capacity building. Access to capital alone does not

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necessarily guarantee sustainable business development because beneficiaries may also experience limitations in managerial knowledge, financial literacy, marketing capabilities, and technological adoption. Consequently, empowerment programs need to integrate financial support with business training, entrepreneurial mentoring, product development, financial management, and market access facilitation. These activities enable beneficiaries to improve their ability to manage economic resources and make informed business decisions. Entrepreneurship development also encourages beneficiaries to move from a dependency-oriented relationship with philanthropic institutions toward greater economic independence. In this sense, productive waqf becomes a mechanism for developing human capabilities alongside the utilization of financial and physical assets.

Community participation represents another important dimension of waqf-based economic empowerment. The sustainability of empowerment programs depends significantly on the extent to which communities are involved in identifying economic needs, determining program priorities, implementing activities, and evaluating outcomes. Participatory approaches enable waqf institutions to develop programs that are more responsive to local socioeconomic conditions. They also strengthen community ownership and encourage beneficiaries to become active contributors to economic development initiatives. When communities participate in the management and implementation of productive activities, the benefits of waqf can extend beyond individual beneficiaries and generate wider social impacts. Such participation may strengthen cooperation, mutual assistance, trust, and collective responsibility within local economic networks.

The findings also suggest that productive waqf can contribute to strengthening local economic ecosystems. Beneficiaries who receive productive support may become connected to suppliers, distributors, consumers, financial institutions, and other business actors. These relationships create opportunities for developing local value chains and expanding economic transactions within communities. Small enterprises supported through waqf-based programs can potentially generate employment, increase household income, and stimulate local economic activities. The circulation of income within the community may further strengthen economic resilience by creating additional opportunities for production and consumption. Accordingly, the impact of productive waqf should be evaluated not only through the direct benefits received by individual beneficiaries but also through its contribution to broader economic relationships and local development processes.

Another important aspect is the development of economic independence among beneficiaries. Economic empowerment becomes more meaningful when beneficiaries acquire

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the capacity to manage their businesses, maintain productive activities, and generate income independently. This transition requires continuous support, appropriate institutional supervision, and access to relevant economic opportunities. Waqf institutions therefore need to establish monitoring and evaluation mechanisms to assess changes in beneficiary capacity, business performance, income-generating activities, and financial independence. The ultimate objective is not to create permanent dependence on philanthropic assistance but to establish conditions in which beneficiaries can gradually strengthen their economic capabilities. Through the integration of productive capital, entrepreneurship development, community participation, and institutional assistance, productive waqf can function as a mechanism for strengthening economic independence and promoting inclusive community empowerment.

3. Waqf-Based Empowerment and Sustainable Community Development

The third finding demonstrates the conceptual importance of connecting productive waqf with sustainable community development. Sustainable community development involves more than improving short-term economic conditions; it also requires strengthening institutional capacity, social relationships, productive resources, and the ability of communities to maintain their welfare over time. In this regard, productive waqf offers a distinctive approach because its institutional characteristics emphasize the preservation of endowed assets and the continuous generation of benefits. The preservation of waqf assets provides a foundation for long-term social and economic activities, while the distribution of their returns can support community development initiatives. This mechanism creates opportunities to establish a sustainable relationship between asset management, economic empowerment, and social welfare.

The economic dimension of sustainable community development is reflected in the capacity of productive waqf to generate employment, support small enterprises, improve household income, and expand access to productive resources. When waqf assets are managed effectively, the economic returns can be allocated to activities that strengthen local productive capacity. This includes financing microenterprises, supporting agricultural production, developing commercial facilities, and providing business infrastructure for community members. Such activities can contribute to reducing economic vulnerability by creating alternative income-generating opportunities. Furthermore, the productive utilization of waqf assets may support local economic diversification, allowing communities to develop different sources of income and reduce excessive dependence on limited economic activities. Therefore, productive waqf has the potential to strengthen the economic foundations of communities through the continuous utilization of institutional resources.

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The social dimension is equally important because sustainable development requires equitable access to economic opportunities and essential social services. Waqf-generated benefits can support educational scholarships, healthcare facilities, social protection initiatives, and other community welfare programs. These activities contribute to improving human capabilities and reducing inequalities among different socioeconomic groups. The integration of productive waqf with social programs also creates opportunities to address the interconnected nature of economic and social disadvantages. For instance, improving access to education can strengthen employment opportunities, while better healthcare access can enhance individual productivity and household economic stability. In this context, waqf functions as an instrument that connects productive economic activities with the provision of social benefits. Its contribution to sustainable development therefore extends beyond income generation to include improvements in the broader conditions of community welfare.

The institutional dimension of sustainability concerns the ability of waqf organizations and beneficiary communities to maintain productive activities over time. Sustainable programs require effective governance, transparent management, appropriate financial planning, and continuous institutional evaluation. Waqf institutions need to establish mechanisms for protecting endowed assets, managing operational risks, maintaining financial sustainability, and ensuring that generated benefits remain aligned with the objectives of the endowment. Institutional collaboration is also necessary to expand resources and improve the effectiveness of development programs. Partnerships with government institutions, financial organizations, universities, and private-sector actors can provide access to knowledge, technology, financing, and markets. Such partnerships strengthen the institutional ecosystem supporting productive waqf and create opportunities for scaling up successful empowerment initiatives.

Environmental sustainability also deserves consideration in the development of productive waqf programs. The utilization of waqf assets should take into account environmental responsibility, resource conservation, and the long-term protection of natural resources. Productive activities involving agriculture, land utilization, and community enterprises need to consider environmentally responsible production practices. This is particularly important because economic growth that undermines environmental quality may create long-term social and economic costs for future generations. Integrating environmental considerations into productive waqf management can strengthen the relationship between Islamic ethical principles and sustainable development objectives. Such integration also provides opportunities to develop environmentally responsible economic activities that

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generate social benefits while preserving natural resources.

Taken together, these findings indicate that the contribution of waqf to sustainable community development can be understood through an integrated relationship among productive asset management, economic empowerment, and institutional sustainability. Productive waqf provides the economic foundation, empowerment strengthens community capabilities, and sustainable governance ensures the continuity of benefits. These dimensions are mutually reinforcing rather than independent processes. Effective asset management creates resources for empowerment, empowered communities contribute to productive economic activities, and strong institutional governance maintains the sustainability of these activities. Therefore, productive waqf should be developed through a comprehensive framework that integrates economic productivity, social inclusion, institutional accountability, and environmental responsibility. Such a framework positions waqf as a potential instrument for building resilient communities and promoting inclusive sustainable development.

Discussion

The findings provide important insights into the relationship between productive waqf management, economic empowerment, and sustainable community development. First, the study reinforces the argument that waqf should be understood not merely as a philanthropic institution but also as a strategic instrument of Islamic social finance capable of generating long-term economic and social benefits. The productive utilization of waqf assets demonstrates how religious endowments can be transformed into sustainable economic resources through professional governance, appropriate financing mechanisms, and institutional accountability. This perspective is consistent with Ascarya et al. (2022), who emphasize the importance of institutional capacity and productive management models in strengthening waqf development. It also supports the argument that the effectiveness of waqf depends not only on asset accumulation but also on the capacity of institutions to generate sustainable economic returns.

Second, the relationship between productive waqf and economic empowerment highlights the importance of integrating financial resources with human capacity development. Providing capital and productive facilities is insufficient when beneficiaries lack entrepreneurial skills, financial literacy, and access to markets. Haneef et al. (2015) demonstrate the potential of integrating waqf with Islamic microfinance to support poverty reduction through improved access to productive resources. The present analytical framework extends this perspective by emphasizing entrepreneurship development, community

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participation, and economic independence as interconnected components of empowerment. Accordingly, waqf-based empowerment should prioritize the development of beneficiaries' productive capabilities rather than focusing exclusively on financial assistance.

Third, the findings establish a conceptual connection between waqf and the broader sustainable development agenda. The integration of economic, social, institutional, and environmental dimensions reflects the multidimensional nature of sustainable community development. This perspective is consistent with the SDGs framework (United Nations, 2015) and the potential contribution of Islamic social finance to sustainable development discussed by Dirie et al. (2024). Furthermore, the findings suggest that productive waqf can generate broader community benefits when asset management is integrated with social services, institutional collaboration, and environmentally responsible economic activities. Thus, the strategic contribution of waqf lies in its ability to connect long-term asset preservation with inclusive economic opportunities and sustainable social welfare. This study consequently proposes that productive waqf should be positioned as an integrated institutional mechanism for strengthening community resilience, economic independence, and sustainable development.

CONCLUSION

This study concludes that waqf-based economic empowerment has significant potential to promote sustainable community development through the productive utilization of endowed assets, institutional strengthening, and community capacity building. Productive waqf serves not only as an instrument of Islamic philanthropy but also as a sustainable source of economic resources that can support entrepreneurship, expand access to productive financing, generate employment opportunities, and improve community welfare. The effectiveness of this approach depends on professional waqf governance, transparent institutional management, strategic partnerships, and the integration of financial support with entrepreneurship development and community participation. Furthermore, the integration of economic productivity, social inclusion, institutional sustainability, and environmental responsibility provides a comprehensive framework for strengthening community resilience and economic independence. Therefore, productive waqf should be developed as an integrated Islamic social finance mechanism that connects asset preservation with long-term economic empowerment and sustainable community development. This study contributes to the conceptual development of Islamic economics by positioning productive waqf as a strategic foundation for inclusive and sustainable socioeconomic transformation.

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